

Message Text

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73

ACTION ARA-20

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03

CIEP-02 LAB-06 SIL-01 OMB-01 AGR-20 SWF-02 TAR-02

DRC-01 /122 W

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R 171717Z APR 74

FM AMEMBASSY MANAGUA

TO SECSTATE WASHDC 3903

INFO AMEMBASSY GUATEMALA

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

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GUATEMALA ALSO FOR ROCAP

SAN SALVADOR ALSO FOR AGATT

EO 11652 N/A

TAGS: ECRP, NU

SUBJECT: CERP 2301: ECONOMIC INDICATORS THROUGH DECEMBER 1973

SUMMARY: PRELIMINARY YEAR-END ECONOMIC INDICATORS OBTAINED FROM CENTRAL BANK AND MINISTRY OF FINANCE CONFIRM THAT 1973 WAS A REMARKABLE YEAR FOR THE NICARAGUAN ECONOMY. TOTAL CURRENT REVENUES, INCLUDING C 131 MILLION FROM THE EMERGENCY EXPORT TAX, INCREASED BY 45.6 PERCENT OVER 1972 TO C\$931.6 MILLION. CENTRAL GOVERNMENT DISBURSEMENTS ROSE BY 18.9 PERCENT ON CURRENT EXPENDITURES AND 32.6 ON NET CAPITAL INVESTMENTS. EXPORTS INCREASED BY 10.8 PERCENT TO U.S.\$276.4 MILLION, SLIGHTLY LESS THAN THE \$285-300 MILLION EXPECTED WHILE IMPORTS SURGED BY 48.7 PERCENT TO U.S.\$325 MILLION, INCLUDING DONATIONS OF U.S.\$8.5 MILLION. NET

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INTERNATIONAL RESERVES AT YEARS END STOOD AT U.S.\$86.8, A

59.3 PERCENT INCREASE. MONETARY INDICATORS SHOWED INCREASES OF 53.6 PERCENT TO THE MONEY SUPPLY; 27.8 PERCENT IN TIME AND SAVINGS DEPOSITS; 37.3 PERCENT IN COMMERCIAL LOANS TO THE PRIVATE SECTOR; 129 PERCENT TO CENTRAL BANK CREDIT TO COMMERCIAL BANKS AND THE TERMINATION AS OF DECEMBER OF NET CENTRAL BANK CREDIT TO THE CENTRAL GOVERNMENT. END SUMMARY.

1. THE YEAR-END FIGURES REFLECT A VERY STRONG PERFORMANCE IN THE 4TH QUARTER AS BOTH GOVERNMENT AND PRIVATE SECTOR INVESTMENT PROGRAMS BEGAN TO HIT THEIR STRIDE IN IMPLEMENTATION. FOURTH QUARTER IMPORTS WERE OVER U.S.\$105 MILLION, ABOUT HALF OF 1972'S TOTAL IMPORTS. PART OF THE INCREASE IS ATTRIBUTED TO INVENTORY BUILDING OF AGRICULTURAL INPUTS AND HEDGING AGAINST FURTHER INFLATION.

2. CENTRAL BANK ESTIMATES (PRELIMINARY) THAT GDP ROSE BY 3.0 PERCENT IN REAL TERMS IN 1973 DESPITE THE EARTHQUAKE AND AN UNPRECEDENTED INFLATION WHICH RAISED THE COST OF LIVING BY OVER 30 PERCENT. GON HOPES TO BRING THAT INFLATION UNDER CONTROL IN 1974 AND THE CENTRAL BANK IS PREPARING TO INTRODUCE TIGHTER, MORE SELECTIVE CREDIT/MONETARY POLICY WHICH IT HOPES WILL CURB EXCESSIVE DEMAND WITHOUT STIFLING THE RECONSTRUCTION OF MANAGUA. HOWEVER, THE PROSPECT OF GREATLY INCREASED EXPORT EARNINGS IN 1974 (THE FORECASTS RUN AS HIGH AS \$385-400 MILLION) WILL COMPLICATE THAT TASK CONSIDERABLY.

3. I. PRELIMINARY ECONOMIC INDICATORS FOR 1973 COMPARED TO 1972.

	1973	1972	PERCENT INCREASE (DECREASE)	
1. GOVERNMENT REVENUES (MILLIONS OF CORDOBAS)				
A. DIRECT TAXES		136.3	137.7	(0.1)
1) INCOME TAX		72.6	71.3	1.9
2) PROPERTY TAX		56.0	58.3	(3.9)
3) OTHER	7.7	8.1		(4.9)
B. INDIRECT TAXES		703.1	469.5	49.7
1) IMPORT DUTIES		226.8	175.7	29.1

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2) IMPORT TAX	131.8	7.9	1500	PLUS
3) SALES AND EXCISE TAXES	335.2	276.6	21.2	
4) OTHER	9.3	9.3	--	
C. NON-TAX REVENUES, SPECIAL RECEIPTS AND CURRENT TRANSFERS	92.2	32.2	186.0	
D. TOTAL CURRENT REVENUE (A PLUS B PLUS C)	931.6	639.4	45.6	

2. CENTRAL GOVERNMENT

EXPENDITURES

(MILLIONS OF CORDOBAS)

A. CURRENT	622.5	523.7	18.9
B. CAPITAL (NET)	451.5	340.5	32.6

3. BALANCE OF PAYMENTS

(MILLIONS OF DOLLARS)

A. EXPORTS (FOB)	276.4	249.4	10.8
1) COTTON	63.2	62.9	0.1
2) MEAT	44.6	38.3	16.5
3) COFFEE	44.2	33.1	33.5
4) OTHER	124.4	115.1	8.1
B. IMPORTS (CIF)	325.0	218.5	48.7

INCLUDES DONATION OF US\$8.5 MILLION

C. FOREIGN EXCHANGE RESERVES

1) GROSS RESERVES	131.1	88.9	47.5
2) LESS SHORT TERM	44.3	34.4	28.8

OBLIGATIONS

3) NET INTERNATIONAL	86.8	54.5	59.3
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RESERVES

1) GROSS INTERNATIONAL	183.4	129.6	41.5
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ASSETS

2) LESS GROSS	163.1	133.4	22.3
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INTERNATIONAL LIABILITIES

3) NET	20.3	(3.7)	--
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4. MONETARY INDICATORS

(MILLIONS OF CORDOBAS)

A. CURRENCY AND SIGHT	1194.2	777.6	53.6
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DEPOSITS

B. TIME AND SAVINGS	645.4	504.8	27.8
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DEPOSITS

C. COMMERCIAL BANK LOANS	1860.4	1354.9	37.3
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TO PRIVATE SECTOR

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D. CENTRAL BANK CREDIT	190.4	83.0	129.4
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TO COMMERCIAL BANKS

E. CEN

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Message Attributes

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